

Senate File 2200 - Reprinted

SENATE FILE 2200
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO SSB 3157)

(As Amended and Passed by the Senate March 3, 2014)

A BILL FOR

1 An Act relating to the Iowa business corporation Act by
2 removing limitations imposed on shareholders making
3 long-term arrangements affecting the affairs of the
4 corporation, and by providing for the delivery of financial
5 information to shareholders.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I
VOTING TRUSTS AND
SHAREHOLDER AGREEMENTS

Section 1. Section 490.730, Code 2014, is amended to read as follows:

490.730 Voting trusts.

1. One or more shareholders may create a voting trust, conferring on a trustee the right to vote or otherwise act for them, by signing an agreement setting out the provisions of the trust, which may include anything consistent with its purpose, and transferring their shares to the trustee. When a voting trust agreement is signed, the trustee ~~shall~~ must prepare a list of the names and addresses of all voting trust beneficial owners ~~of beneficial interests in the trust~~, together with the number and class of shares each transferred to the trust, and deliver copies of the list and agreement to the corporation's principal office.

2. A voting trust becomes effective on the date the first shares subject to the trust are registered in the trustee's name. ~~A voting trust is valid for not more than ten years after its effective date unless extended under subsection 3.~~

3. ~~All or some of the parties to a voting trust may extend it for additional terms of not more than ten years each by signing an extension agreement and obtaining the voting trustee's written consent to the extension. An extension is valid for ten years from the date the first shareholder signs the extension agreement. The voting trustee must deliver copies of the extension agreement and list of beneficial owners to the corporation's principal office. An extension agreement binds only those parties signing it. Limits, if any, on the duration of a voting trust shall be as set forth in the voting trust. A voting trust that became effective between December 31, 1989, and June 30, 2014, both dates inclusive, remains governed by the provisions of this section then in effect, unless the voting trust is amended to provide otherwise by~~

1 unanimous agreement of the parties to the voting trust.

2 Sec. 2. Section 490.732, subsection 2, paragraph c, Code
3 2014, is amended by striking the paragraph.

4 Sec. 3. Section 490.732, Code 2014, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 8. Limits, if any, on the duration of an
7 agreement authorized by this section shall be as set forth in
8 the agreement. An agreement that became effective between
9 January 1, 2003, and June 30, 2014, both dates inclusive,
10 unless the agreement provided otherwise, remains governed by
11 the provisions of this section then in effect.

12 DIVISION II

13 FINANCIAL STATEMENTS FOR SHAREHOLDERS

14 Sec. 4. Section 490.1620, Code 2014, is amended to read as
15 follows:

16 **490.1620 Financial statements for shareholders.**

17 1. A Except as provided in subsection 4, a corporation shall
18 ~~deliver~~ prepare and make available to its shareholders, as
19 provided in subsection 3, annual financial statements, which
20 may be consolidated or combined statements of the corporation
21 and one or more of its subsidiaries, as appropriate, that
22 include a balance sheet as of the end of the fiscal year, an
23 income statement for that year, and a statement of changes
24 in shareholders' equity for the year unless that information
25 appears elsewhere in the financial statements. If financial
26 statements are prepared for the corporation on the basis of
27 generally accepted accounting principles, the annual financial
28 statements must also be prepared on that basis.

29 2. If the annual financial statements are reported upon by a
30 public accountant, the report must accompany them. If not, the
31 statements must be accompanied by a statement of the president
32 or the person responsible for the corporation's accounting
33 records which does all of the following:

34 a. States such person's reasonable belief whether the
35 statements were prepared on the basis of generally accepted

1 accounting principles and, if not, describing the basis of
2 preparation.

3 *b.* Describes any respects in which the statements were
4 not prepared on a basis of accounting consistent with the
5 statements prepared for the preceding year.

6 3. Within one hundred twenty days after the close of each
7 fiscal year, the corporation shall ~~send~~ deliver the annual
8 financial statements described in subsections 1 and 2 to each
9 any person who was a shareholder of the corporation at the end
10 of such fiscal year. Thereafter, on written request from a
11 shareholder to whom the statements were not ~~sent~~ delivered, the
12 corporation shall ~~send~~ deliver to the shareholder the latest
13 financial statements. ~~A public~~ The corporation may fulfill its
14 ~~responsibilities~~ obligation to deliver the financial statements
15 ~~under this section~~ this subsection by any of the following
16 methods:

17 *a.* By any means authorized under section 490.141.

18 *b.* By making the financial statements available to a
19 shareholder via internet access without charge notwithstanding
20 the lack of consent otherwise required by section 490.141,
21 subsection 10, paragraph "b" and by notifying the shareholder of
22 instructions for access.

23 *c.* If the corporation is a public corporation, by delivering
24 the specified financial statements, or otherwise making them
25 available, in any manner permitted by the applicable rules
26 and regulations of the United States securities and exchange
27 commission.

28 *d.* If the corporation is not a public corporation, by
29 filing annual financial reports in compliance with state or
30 federal law, provided that such reports meet all the following
31 requirements:

32 (1) Contain a balance sheet as of the end of the fiscal year
33 and an income statement for that fiscal year.

34 (2) Are required by state or federal law to be filed with a
35 state or federal agency within one hundred twenty days after

1 the close of each fiscal year.

2 (3) Are available to the public, including via internet
3 access, without charge.

4 4. A corporation with fewer than one hundred shareholders as
5 of the end of the corporation's fiscal year, or that operates
6 on a cooperative basis as defined under 26 U.S.C. §1381, shall
7 be excused from complying with this section if the corporation
8 prepares annual financial statements, which may be consolidated
9 or combined statements of the corporation and one or more of
10 its subsidiaries, as appropriate, that include a balance sheet
11 as of the end of the fiscal year and an income statement for
12 that fiscal year. Upon written request from a shareholder, the
13 corporation shall, at its expense, deliver to the shareholder
14 the requested financial statements as provided in subsection 3,
15 paragraph "a" or "b". If the annual financial statements are
16 reported upon by a public accountant, the report must accompany
17 them.